

Net Zero Transition Plan 2024 review

Date Issued: August 2024

Design & Manufacture | Fibre Solutions | Installation & Managed Services

CONTENTS

1 Executive Summary	3
2 Introduction	4
2.1 Context	4
2.2 About Splice Group Europe	4
2.3 Report purpose	5
3 Roadmap towards 2050	6
3.1 Net zero goals	6
3.2 Progress against targets	6
3.3 Milestones	7-8
4 Governance mechanisms	9
4.1 Key stakeholders and responsibilities	9
4.2 Policies, processes and procedures	10-11
5 Measurement, management, monitoring and reporting	12
5.1 Scope 1 and Scope 2 emissions	13
5.2 Scope 3 emissions	13-17
6 Proposed projects and programmes	18
6.1 Review and revise net zero transition plan	18
6.2 Integrate data collection into regular reporting processes	18
6.3 Moving from an annual review process to quarterly monitoring	18
6.4 Data completeness and accuracy	18
6.5 Carbon reduction initiatives	19
6.6 Carbon mitigation initiatives	19
7 Conclusion	20
Appendix 1 – Carbon Metrics Calendar Year 2023	20-21

Please note: This document has been developed to view electronically. If you require to print this document, please consider the environment.

1 EXECUTIVE SUMMARY

The *Net Zero Transition Plan 2024 Review* sets out Splice Group Europe (SGE)'s objectives for net zero. The review outlines milestones to reach in the journey to net zero, proposes key activities and KPIs to undertake for SGE to achieve these milestones, and provides a delivery plan for the following 12 months.

During 2023, SGE's target for net zero was published by the Science Based Targets initiative (SBTi). To align with a 1.5°C future, SGE is committed to reducing Scope 1 and Scope 2 greenhouse gas (GHG) emissions 42% by 2030 from a 2021 base year, and to measure and reduce its Scope 3 emissions. SGE is committed to reaching net zero by 2050 by reducing emissions across all three scopes 90% by 2050 from a 2021 base year.

SGE are on track to meet their first 2030 target by reducing Scope 1 and Scope 2 emissions through utilities contracts for renewable power and gas. To achieve the second 2030 target of measuring and reducing Scope 3 emissions, SGE need to reach certain milestones including establishing a governance structure for the net zero transition, collecting and monitoring data and narratives year-round, building on the existing inventory of emissions, and engaging with customers and suppliers on reporting and reducing emissions.

SGE have the opportunity reduce direct and indirect emissions through multiple initiatives including switching to electric vehicles, changing to less carbon intensive transportation and distribution options, and increasing the recycled components of their products.

To achieve net zero by 2050 at the latest, SGE will execute a focused programme across four key areas:

- 1. Governance** - by assigning roles and responsibilities for SGE's sustainability initiatives, ensuring data checking and sign off to improve accuracy, and building accountability for their net zero transition.
- 2. Measurement** - by committing to quarterly data and narrative collection by responsible persons.
- 3. Monitoring** - by committing to regular review of KPIs and at least annual revisions to the net zero transition plan.
- 4. Communications** - with both internal and external stakeholders to improve data completeness, robustness, accuracy, and transparency. By publishing progress updates in line with other reporting commitments, gaining internal buy-in on SGE's net zero transition plan, and working with suppliers and customers on emissions reduction initiatives.

In doing so, SGE can establish roles and responsibilities for the net zero transition, collect required data and narratives for ongoing monitoring and reporting, stay on track to meeting their 2030 targets, and make advancements towards reducing their emissions in line with a 1.5°C future.

2 INTRODUCTION

2.1 Context

Splice Group Europe (SGE) engaged with sustainability consultants, to carry out a greenhouse gas (GHG) assessment and net zero transition plan (NZTP) involving a review of existing measurement and reporting processes, net zero goals, and developing carbon reduction initiatives.

SGE engaged Ecus Ltd to support the shift from compliance to greater control in their net zero strategy. Gaining greater control aligns with more detailed strategy, programmes, and initiatives, and allows for a greater focus on more detailed measurement, management, monitoring and reporting.

The long-term objective is to exhibit leadership in SGE's peer group, while continuing to provide assurance and credibility to customers. Increased accuracy, transparency, and accountability combined will result in robust carbon measurement, management, monitoring and reporting. A review of the current targets has been completed, and with this we expect more detailed and accurate goals, a refinement in the language used, and a planned pathway to net zero.

2.2 About Splice Group Europe

SGE specialises in producing, installing and servicing advanced fibre cabling systems for the data and telecommunications industry. SGE's equipment, sourced globally, is shipped to an assembly point at their headquarters in Drighlington, Bradford. From there, products are either dispatched directly to customers or taken by engineers to installation sites.

Nearly all of SGE's emissions fall into the Scope 3 'indirect emissions' category, with the majority stemming from upstream transportation and distribution, and the procurement of materials, primarily steel and plastic.

Ecus and SGE collaborated to measure, manage and report on the company's carbon emissions. This work involves implementing carbon reduction initiatives across multiple emissions sources, mitigating carbon through local and relevant projects, monitoring performance and progress on a quarterly basis, and overall moving from a reactive to proactive approach to achieve net zero.

2.3 Report purpose

Net zero means achieving a balance where the amount GHG emissions released into the atmosphere is equal to the amount permanently removed. Long-term business planning will increasingly focus on addressing climate change and net zero. Businesses are urging their value chains to actively contribute to achieving their net zero commitments. Tender and bid requirements increasingly demand transparent and measurable carbon reduction targets and comprehensive Transition Plans for regulatory compliance.

The Intergovernmental Panel on Climate Change (IPCC) published a report in 2018 emphasising the pressing need to halve the world's emissions by 2030 and achieve net zero emissions by 2050 to ensure global warming stays below 1.5°C. Natural disasters caused by climate change are already taking effect at an alarming rate. Achieving net zero aims to limit global warming to 1.5°C to mitigate these effects.

A NZTP details how an organisation intends to reduce emissions produced either directly or indirectly by their activities. The plan should include targets and metrics for reducing different types of emissions, as well as finding ways of removing carbon through nature-based solutions like sequestration through planting trees, or through technological interventions such as carbon capture and storage. Most importantly, robust NZTPs must be both pragmatic and practical.

Benefits to business include:

- **Lower costs:** Reducing costs and increasing profits through measures such as increasing energy efficiency.
- **Competitive advantage:** Increasing demand from larger businesses in the wider supply chain for low carbon products and services.
- **Customer expectations:** Many customers want environmentally and socially friendly products and services and are willing to pay more.
- **Accessing new markets and funding:** Offering innovative sustainable products, services, or business models may unlock low-carbon business opportunities.
- **Regulatory requirements:** Proactively navigate the legislative landscape as governments consider regulations to achieve their net zero timelines.

A good NZTP relies on accurate data, holds the business accountable for its actions, is transparent for stakeholders and can be verifiable. This is achieved by:

- Aligning with a standard, such as the [Science-Based Targets initiative \(SBTi\)](#).
- Identifying and measuring Scope 1, 2, and 3 emissions to reduce them.
- Setting GHG reduction targets with the inclusion of a net zero commitment.
- Creating short-, medium- and long-term actions for achieving net zero targets, including how these actions will be financed.
- Conducting supplier sustainability analysis, circular economy practices, embodied carbon assessments, and carbon mitigation.
- Integrating your business strategy and NZTP.
- Implementing governance and accountability mechanisms for the NZTP's delivery with robust periodic reporting.
- Addressing material risks and leveraging opportunities for the natural environment and stakeholders, including the workforce, supply chain, communities, and customers.
- Annually reviewing your NZTP is essential for ensuring its alignment with evolving business objectives and regulatory changes.

3 ROADMAP TOWARDS 2050

3.1 Net zero goals

SGE have established targets to support their journey to net zero. These targets were approved and published by the SBTi in 2023 to align with a 1.5°C future. Following this approval SGE must continue to monitor progress against targets and disclose their emissions annually through reporting mechanisms, such as CDP.

The following targets were approved and published by the SBTi:

1. Reduce Scope 1 and Scope 2 emissions 42% by 2030 from a 2021 base year.
2. Measure and reduce Scope 3 emissions.
3. Achieve net zero by 2050 by reducing Scope 1, Scope 2, and Scope 3 emissions 90% from a 2021 base year.

3.2 Progress against targets

Short-to-medium-term targets

SGE have met and surpassed the Scope 1 and Scope 2 emissions reduction target of 42% by 2030 due to the utilities contracts for renewable power and gas.

The renewable power contract uses Renewable Energy Guarantees of Origin (REGO) certificates to match electricity usage by SGE in kWh with electricity from a renewable source including solar, wind, hydro and biomass. Similarly, Renewable Gas Guarantees of Origin (RGGOs) to certify that any kWh of gas used by SGE is matched with biomethane injected into the grid.

SGE are on track to measure Scope 3 by establishing a full emissions inventory through data measurement, management, and monitoring procedures, and engaging with key suppliers. Reducing Scope 3 emissions will require efforts across SGE's internal and external stakeholders, including changes in the origin or type of purchased goods through customer and supplier engagement; target setting in the business travel and leased assets categories to include electric vehicles; and selection of appropriate carbon mitigation activities in line with SBTi guidelines.

Long term-targets

Targeting a 90% reduction in emissions by 2050, SGE will follow the NZTP with set milestones, associates activities, KPIs and timeline. The plan requires regular (at least annual) review and will evolve depending on business changes (products, acquisition), growth in people and business, progress against goals, and changes to company operations, industry standards, and legislation.

3.3 Milestones

Milestone Matrix

Milestone	Activities and SMART KPIs
1. Data collection	Develop templates and procedure for collecting data – internal & external sourced
	Completeness of surveys and templates by subject matter experts (SMEs)
2. Data governance	Assign data and narrative responsibilities to SMEs
	Diarise SMT meetings with agenda item every 3-6 months
	Monitor progress at meetings using KPIs
	Sign off data & narratives prior to reporting windows
3. Engage top 20% suppliers	Identify and target top suppliers by emissions, carbon intensity, and/or proximity to SGE
	Set up meetings to align objectives and improve data availability and reporting
	Create supplier code of conduct
4. Engage lower tier suppliers	Refine supplier questionnaire to collect minimum data required from suppliers
	Set out objectives for improvements to data and future requirements (e.g. product emissions)
5. Measure Scope 3 emissions	Identify gaps in inventory
	Identify stakeholders and sources of information/data for inventory
	Number of suppliers providing data vs estimated/averaged/spend based estimates
	Upstream – granularity of information on materials/products/components purchased
	Downstream – use of sold products, product lifecycle analysis, components of products
	Downstream – office waste streams including IT equipment and other electronic waste

Milestone Matrix

Milestone	Activities and SMART KPIs
6. Select carbon mitigation projects	Find and assess 3-5 projects that are UK-based and/or Asia Pacific
	Select 1-2 projects and allocate up to 10% of emissions to be mitigated
	Review SBTi guidance on the use of offsetting and views on carbon compensation
7. Internal comms for transparency on net zero goals and progress	Item on every SMT meeting agenda
	Update employees on progress
	Workshop on aligning views and approaches
8. External comms for evidencing and aligning reporting	High quality progress report published on website
	Sustainability marketing/communications on LinkedIn
	Update of CDP/EcoVadis/SBTi metrics and scoring on website
	Collect and review website traffic, LinkedIn post engagement, and customer feedback
9. Reduce Scope 3 emissions	Set reduction initiatives focused on carbon intensive categories
	Set target to increase number of leased and owned BEV
	Products sourced from recycled components
	Changes to client product specifications e.g. sourcing product from Europe or a different brand
	Transportation and distribution (up and downstream) through more sustainable options

4 GOVERNANCE MECHANISMS

4.1 Key stakeholders and responsibilities

A comprehensive governance framework is recommended to effectively ensure SGE achieves its net zero goals. Effective governance supports the translation of net zero ambitions into actionable strategies, ensuring the allocation of resources and accountability mechanisms are in place to manage risks and opportunities associated with achieving net zero. This framework should include both organisational and operational levels, where members of staff are given well-defined responsibilities. By assigning specific roles and ensuring regular monitoring, SGE can successfully meet both interim milestones and long-term net zero targets.

Organisational Level: Oversight of Policy, Strategy and Budget

At the organisational level, Senior Management team (SMT) are responsible for setting policies, strategies and budget allocations that drive net zero initiatives. They will also be responsible for regular monitoring and ensuring alignment with the overall organisational goals. KPIs must be determined to guide net zero strategy.

Operational Level: Delivery, Data Collection and Reporting

The operational level is responsible for implementing the net zero strategy on a day-to-day basis. This involves collecting data, executing initiatives, and reporting on progress against the KPIs set by SMT.

4.2 Policies, processes and procedures

Policies can establish objectives and principles to aid decision-making on net zero transition planning. They form the basis for processes and procedures to support the transition to net zero, helping drive action to achieve targets as well as addressing specific sustainability initiatives not captured in the high-level net zero targets (e.g. green procurement).

SGE has an ISO 14001 certified environmental management system (EMS) supporting the identification, management, monitoring, and control of environmental impacts by the organisation. Using the EMS as the foundation for policies, SME may consider the below processes and build specific procedures to support the NZTP.

Monthly or quarterly data collection (Milestone 1)

1. Create templates for required data points and narrative.
2. Align with other reporting e.g. expenses will be used to populate several datapoints in the business travel category.
3. Aim for granular data rather than summed expenses by category or average weights per supplier.
4. Identify internally sourced data points including but not limited to:
 - a. Expenses → spend on hotels, location of hotels, number of nights per person
 - b. Expenses → spend on flights, origin/destination, number of passengers, class (economy, business)
 - c. Expenses → spend on taxis and/or trains, or log the origin/destination of travel on each mode of transport
 - d. Purchases → spend per supplier, type of goods purchased, origin/destination of goods, mode of transportation and distribution
 - e. Employee commuting → number of days commuting to office, mode of transport, vehicle type if by car
 - f. Home working → number of days working from home by employees, or log hours of work using timesheets, and/or collect information on office hardware used at home
 - g. Office working → number of staff at head office per day, number of days in office per week.
 - h. Energy use → gas and electricity meter readings (actuals)
 - i. Water use → water meter and usage information (actual)
5. Identify externally sourced data points including but not limited to:
 - a. Leased / hire vehicles → vehicle type or reg plate, fuel type, distance travelled per month
 - b. Purchases → supplier/product specific emissions from top 3-5 suppliers by contribution to emissions, weights of products purchased from all suppliers
 - c. Downstream transportation and distribution → mode of transport, origin/destination, weight of shipment/products
 - d. Energy use → gas and electricity meter readings (estimates), certification of offsets
 - e. Water use → water meter and usage information (estimate) or spend per year

Quarterly governance meetings (Milestone 2)

1. Build a register of roles and responsibilities for net zero including data/narrative owners/SMEs.
2. Review data templates and progress in data population by internal and external stakeholders.
3. Align to financial monitoring and integrated in governance framework.
4. Included in SMT KPIs or remuneration.
5. Plan review meetings; minimum half yearly, ideally quarterly or integrated into regular quarterly financial discussions.
6. Conduct quarterly data population and checking and sign off by responsible persons.
7. Ensure final data/narrative check and sign off prior to annual reporting.

Supplier engagement (Milestones 3 and 4)

1. First stage is to focus on top suppliers by contribution to emissions; top suppliers by carbon intensity of materials/goods purchased; top suppliers by proximity/likelihood of influence.
2. Second stage involves engaging with smaller suppliers on populating Scope 1 and Scope 2 data at low/no cost through easy routes to supplier reporting, removing cost and software barriers. Overall impact is increases coverage of SGE's Scope 3 inventory.
3. Keep up engagement and build relationships with key suppliers through regular review meetings, rolling out supplier questionnaire and supplier code of conduct.

Measuring Scope 3 emissions (Milestone 5)

1. Office and homeworking:
 - a. Minimum requirement is an annual survey of days per week working in the office or at home.
 - b. Emissions factors can be more specific if tech/hardware usage is known e.g. impact of 8 hours per day on specific type of laptop can be calculated.
 - c. Information feeds into future procurement choices for efficient technology.
2. Product lifecycle assessment:
 - a. Expand downstream emissions scope to product usage.
 - b. Increase monitoring of recycling and reuse of materials.
 - c. Gain understanding product material components, including electronic components if applicable, to help EcoVadis reporting while preparing SGE for horizon legislation such as the UK's carbon border adjustment mechanism (CBAM) in 2027.
3. Identify and document waste streams (office) e.g. IT equipment.

Reducing Scope 3 emissions (Milestone 9)

1. Set objective for electrification of vans (hire/lease) with timeline that aligns with leasing contract.
2. Encourage employees to take up the salary sacrifice scheme for BEV to reduce business travel emissions.
3. Encourage sustainable commuting practices for office workers.

5 MEASUREMENT, MANAGEMENT, MONITORING AND REPORTING

Carbon emissions measurement, management, monitoring and reporting should be framed around five key priority themes:

1. Accuracy
2. Accountability
3. Robustness
4. Verification
5. Transparency

All emissions calculations should strive to use data directly from the source of impact and, where that is not available, work off the 80/20 rule in terms of accuracy to ensure adherence to the core themes as listed above. Emissions calculations should align with the GHG Protocol which provides a globally recognised framework for measuring and managing emissions. This alignment supports responses to stakeholder expectations and meets regulatory requirements.

In accordance to the GHG Protocol's Corporate Accounting and Reporting Standard, carbon emissions are categorised into three scopes:

- **Scope 1** – Direct GHG emissions occurring from sources that are owned or controlled by the company, such as emissions from combustion in boilers, furnaces, vehicles, etc. Direct carbon dioxide emissions from biomass combustion are included but reported separately.
- **Scope 2** – Indirect GHG emissions resulting from the generation of purchased electricity consumed by the company. Scope 2 emissions physically occur at the facility where electricity is generated.
- **Scope 3** – Indirect GHG emissions that are a consequence of the company's activities, but occur from sources not owned or controlled by the company such as the extraction and production of purchased materials, transportation of purchased fuels, and the use of sold products and services

5.1 Scope 1 & Scope 2 emissions

The following relevant Scope 1 and Scope 2 categories were included in the 2023 reporting year.

Scope 1 – Direct fuel combustion – Natural gas is consumed as a heating fuel at the office, which has two boilers, and the production building each with its own meter. Gas used was matched with renewable-sourced gas through Renewable Gas Guarantees of Origin (RGGOs) certificates. Meter readings and evidence of renewable gas certification were provided.

Scope 2 – Indirect fuel combustion – Purchased electricity emissions have been calculated for all office sites operated in 2023. Usage data (kWh) was provided for the office and production buildings. Electricity used was matched with renewable-sourced electricity through Renewable Energy Guarantees of Origin (REGOs) certificates. Meter readings and evidence of renewable electricity certification were provided. Company-owned vehicles consist of Battery Electric Vehicles (BEV) meaning emissions from the company fleet fall into Scope 2. Purchased electricity for charging the BEV have not been accounted for this year in line with prior years. However, mileage from these vehicles was factored into the well-to-tank (WTT) calculation (a change from prior years' calculations).

5.2 Scope 3 emissions

According to the GHG Protocol, there are 15 categories of Scope 3 emissions. A review of SGE's operations, supply chain, and business activities identified the following categories of Scope 3 emissions.

- **Purchased goods and services (Category 1)** emissions were determined using a sample of invoices. An average kg/£000 per supplier was calculated from the samples along with actual data sourced from SGE's biggest supplier by spend. This average was then applied to SGE's spend with each supplier in 2023 to determine an estimated tonnage per year per supplier. Information was provided by SGE regarding a ratio of steel:plastic per supplier. This was then applied to the calculated tonnage per supplier to determine an annual weight of steel and plastic purchased. Goods for the offices such as stationery and equipment have been deemed minimal so were not included.
- **Upstream transportation and distribution (Category 4)** emissions were determined using a sample of invoices. An average kg/£000 per supplier was calculated using the samples along with actual data sourced from SGE's biggest supplier by spend. This was then applied to each supplier spend per year to determine an estimated tonnage per year per supplier. Distances travelled and mode of transport were assumed based on the suppliers' locations as the origin and SGE's headquarters as the destination.
- **Waste (Category 5)** data was obtained from the Veolia portal. Waste was classified as 'Recycled – Mixed' or 'Non-Hazardous Industrial' and either 'Recycled' or 'Diverted', meaning recycled or incinerated. Although water consumption data was unavailable due to a faulty meter, benchmark figures from the Better Buildings Partnership (BBP) for typical office usage per employee per working day were used to estimate emissions. BBP published a new real estate environmental benchmark (REEB) for 2023 which did not include a water benchmark. As no updated REEB was available, the 2020 benchmark was used again.
- **Business travel (Category 6)** emissions from travel by air, taxi and rail were estimated from expense forms. This data was collected and collated by SGE using their annual expense forms. Air travel was broken down into flight records covering around 85% of total flights for the year. Using mileage logged by staff that travel to sites or do not have a fixed commute, estimated emissions were calculated. Car type and/or fuel type was recorded using a vehicle registration search. Emissions associated with hotel stays were estimated using expenses on hotels with an approximate spend per night to calculate the total number of nights, although location was not specified.

- **Employee commuting (Category 7)** emissions were estimated using a survey distributed amongst staff that travel to a fixed place of work regularly. The calculated emissions were extrapolated based on the number of surveys returned and the number of employees who are office-based. Emissions were also extrapolated based on the number of working weeks of 46 weeks per year.
- **Upstream leased assets (Category 8)** included hire and leased vehicles used by engineers travelling to site for installations. Data for these journeys has been obtained via mileage data provided by the SGE for each vehicle. The fuel type was recorded using a vehicle registration search for leased vans but was not provided for hire cars.
- **Downstream transportation and distribution (Category 9)** consisted of deliveries via couriers. Recorded in 2022 with weights transported and destination of delivery. Assumptions were made regarding mode of transport and exact routes. These records were updated in 2023 only for changes to the carbon factors. The weights of equipment travelling with engineers to site has not been recorded and is therefore excluded from this report.
- **Well-to-tank (WTT)** emissions have been calculated for natural gas consumption, company vehicles, business travel, transportation & distribution (upstream and downstream), upstream leased assets, and employee commuting. The scope of well-to-tank emissions expanded in 2022 compared to 2021 which only included gas. WTT in 2022 included gas, mileage, upstream transportation & distribution, upstream leased assets, downstream transportation & distribution, business travel and employee commuting. WTT in 2023 included the same categories with the addition of the company car mileage for one BEV.

It was determined that the following categories were not applicable or in scope for the 2023 reporting year.

- **Capital goods (Category 2)** – defined as the extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year (e.g. plant equipment).
- **Fuel and energy-related activities (Category 3)** – defined as the extraction, production, and transportation of fuels and energy purchased or acquired by the reporting company in the reporting year, not already accounted for in Scope 1 or Scope 2.
- **Processing of sold products (Category 10)** – defined as the processing of intermediate products sold in the reporting year by downstream companies (e.g. manufacturers).
- **Use of sold products (Category 11)** – defined as the end use of goods and services sold by the reporting company in the reporting year.
- **End-of-life treatment of sold products (Category 12)** – defined as waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life.
- **Downstream leased assets (Category 13)** – defined as the operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in Scope 1 and Scope 2, reported by lessor.
- **Franchises (Category 14)** – defined as the operation of franchises in the reporting year, not included in Scope 1 and Scope 2, reported by franchisor.
- **Investments (Category 15)** – defined as the operation of investments (including equity and debt investments and project finance) in the reporting year, not included in Scope 1 or Scope 2.

Variability in accounting approaches for emissions

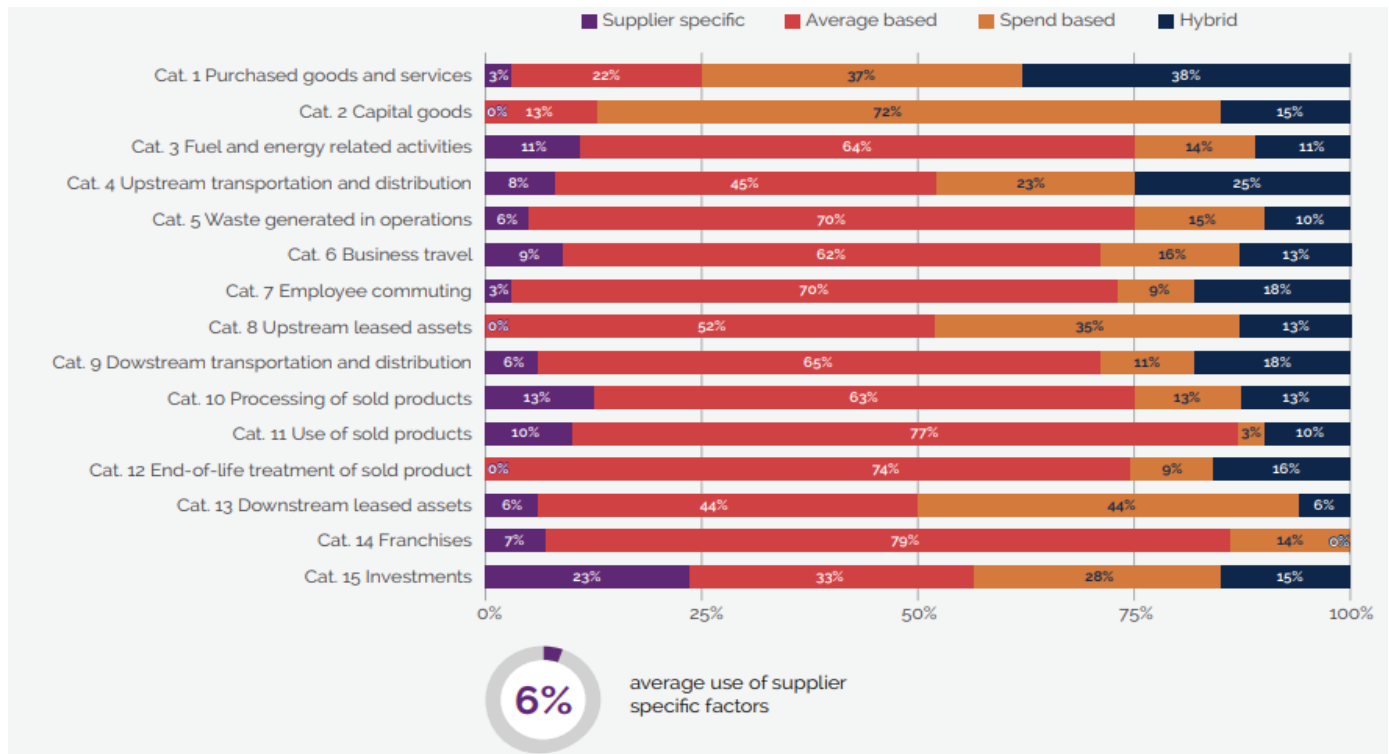


Figure 2. Variability in GHG accounting approaches used for baseline emissions. Aligning corporate value chains to global climate goals. SBTi Research Scope 3 Discussion Paper. Science Based Targets initiative (SBTi) 2024

Scope 3 emissions can be difficult to measure directly because they occur outside companies' operational control. To address this challenge, reporting standards provide optionality in how companies calculate Scope 3 emissions, offering a range of potential methods with different levels of specificity.

Most companies currently rely on the average data or spend-based methods to estimate Scope 3 emissions (Figure 2) which often draw upon low quality secondary data from public databases. The use of secondary data can result in staticity of the reported Scope 3 inventory over time, as changes in real-world emissions intensities of activities in a company's value chain (including as the result of mitigation efforts) are not reflected in global or industry average emissions factors.

Supplier data gathering and verification

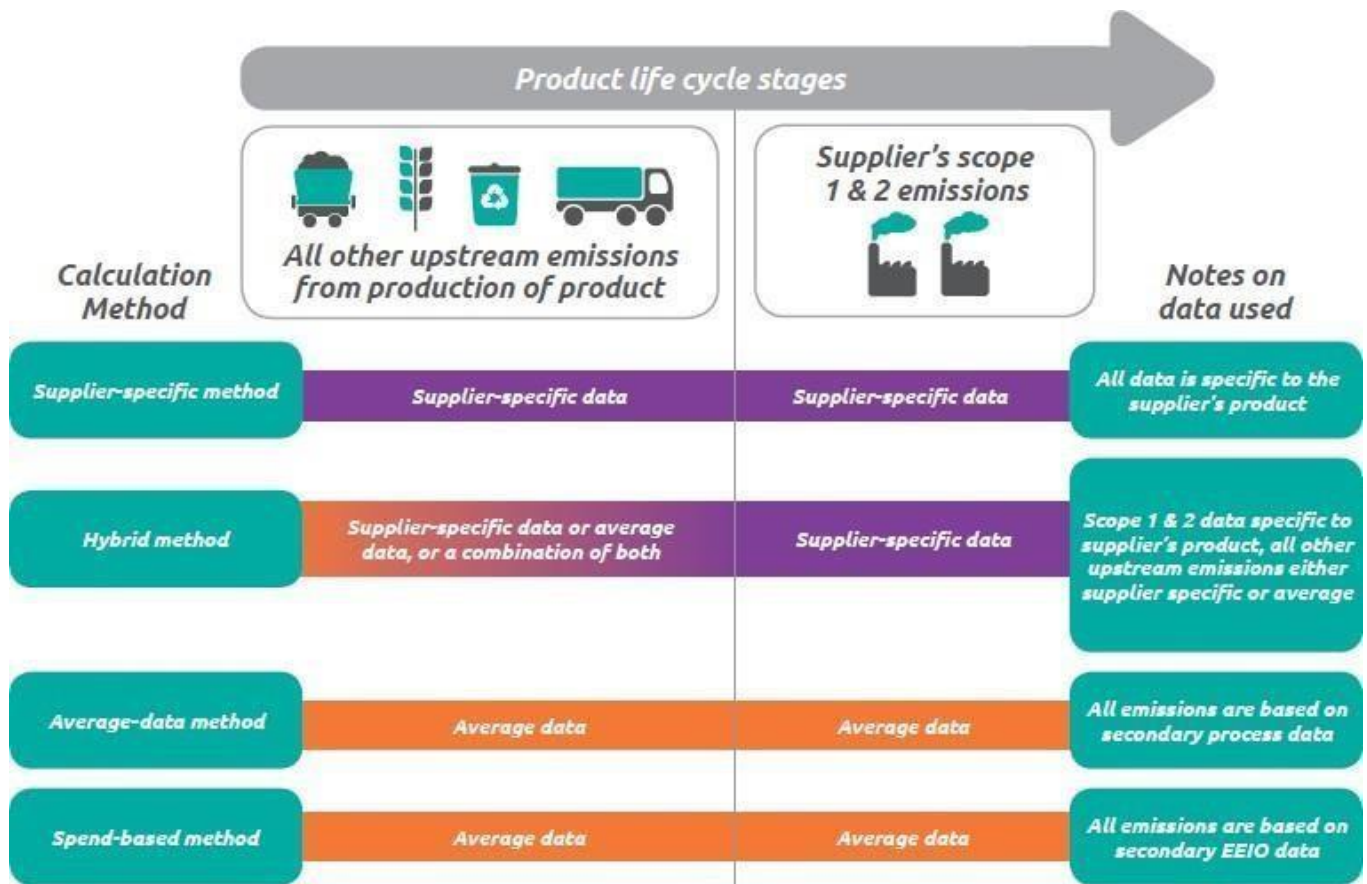


Figure 3. Calculation methods for supply chain emissions. Technical Guidance for Calculating Scope 3 Emissions (v1.). GHG Protocol 2013.

Scope 3 emissions calculations vary significantly due to the variability in assumptions, methodological choices and data sources. Companies may use either primary or secondary data. Primary data includes data provided by suppliers or customers that directly relates to specific activities within a company's value chain. Secondary data includes industry averages or other generic data that is not from specific activities within a company's value chain. The choice of calculation method and emissions factors can result in significant variation in the company's scope 3 inventory.

Data requirements for calculating Scope 3 emissions in the supply chain differ depending on the calculation methodology (Figure 3). The first two methods, supplier-specific and hybrid, require the reporting company to collect data from the suppliers, whereas the second two methods, average-data and spend-based, use secondary data (i.e. industry averages). Accuracy derives from the granularity of the emissions data, the reliability of suppliers' data sources, and which, if any, allocation techniques were used.

Scope 3 emissions by category

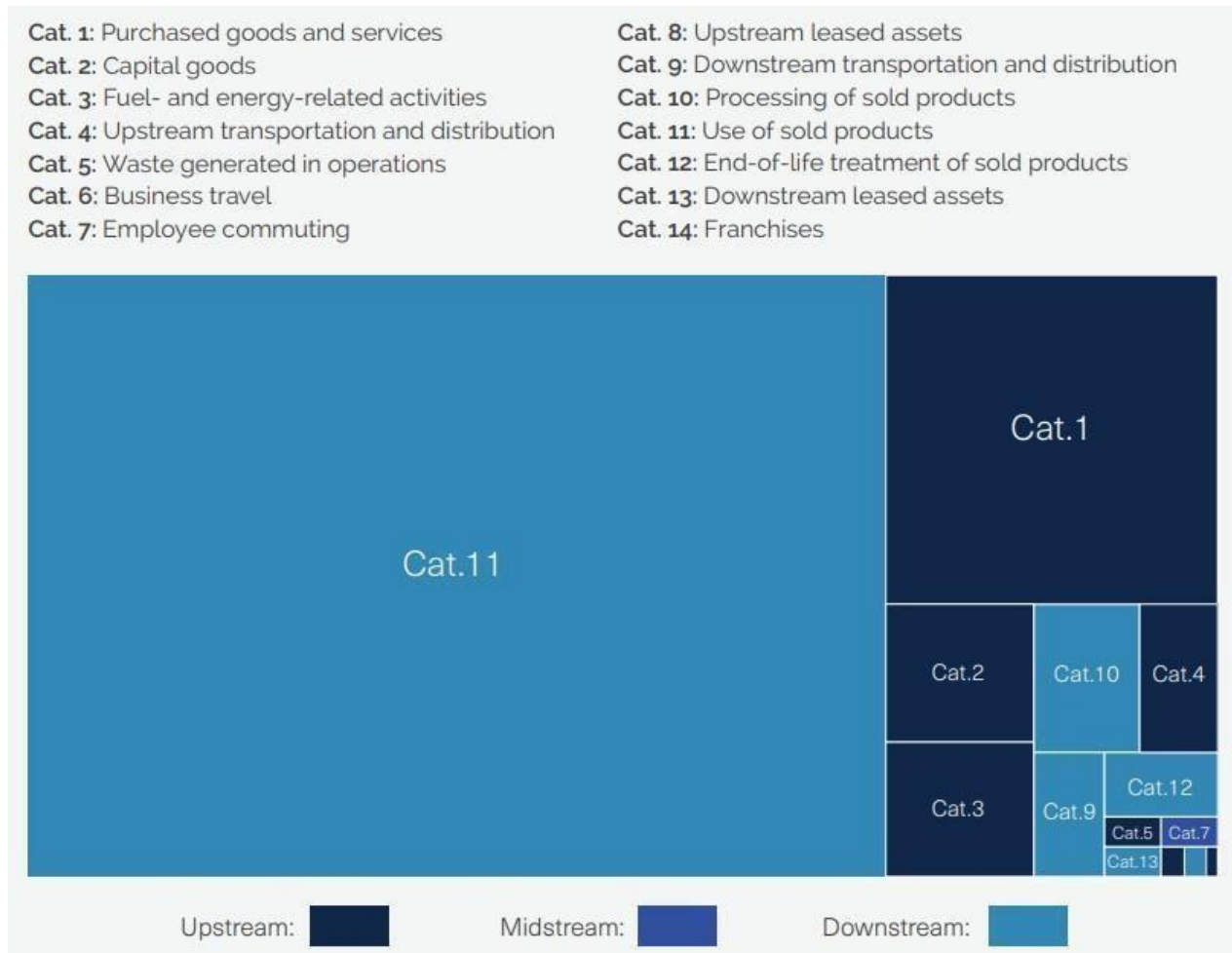


Figure 4. Scope 3 emissions by category (excluding category 15). Aligning corporate value chains to global climate goals. SBTi Research: Scope 3 Discussion Paper. Science Based Targets initiative (SBTi) 2024.

Downstream emissions associated with use of sold products are one of the top categories of Scope 3 emissions for the majority of sectors, followed by upstream emissions from purchased goods and services (Figure 4). While downstream emissions can be produced by activities controlled by business partners that companies have a direct relationship with (e.g. direct customers) there might be one or multiple degrees of intermediation between the source of emissions and the company, complicating the process of measuring and managing these emissions.

6 PROPOSED PROJECTS AND PROGRAMMES

6.1 Review and revise net zero transition plan

Annual review and update of the NZTP is required to add to and adjust milestones, track progress against KPIs, and document achievement of short-, medium- and long-term targets in line with changes to SGE's business model, evolving best practice and best process, and to better demonstrate SGE's commitment to net zero over time.

6.2 Integrate data collection into regular reporting processes

Switching from reactive to proactive reporting. Requesting monthly or quarterly population of templates for emissions category data for example, expenses reports on hotel stays, flights, and other travel. By collecting more detailed information, inconsistent or incomplete data can be caught early.

6.3 Moving from annual review process to quarterly monitoring

Engaging with the company's sustainability initiatives more frequently will allow SGE to be aware of progress on interim targets as well as the company's long-term goals, while providing opportunities throughout the year to engage with external stakeholders for more accurate and timely data collection. This will also keep the initiatives at the front of mind for internal stakeholders like senior management and customer facing employees.

6.4 Data completeness and accuracy

Significant progress has been made on collecting and collating data on the various emissions categories. However, multiple calculations still extrapolate data or use assumptions that create large variances in the data. Accuracy can be improved through internal processes for collecting data using templates, assigning responsibilities, and establishing a monitoring and sign off procedures that run year round.

Key areas:

- Employee commuting survey requires extrapolation and had a reduced response rate in 2023.
- Travel data estimated 85% flights coverage so requires extrapolation of data. Nonetheless, we have increased accuracy by using carbon factors specific to the flight type (long haul international, domestic UK, etc.) then extrapolating, rather than one factor as used in previous years. Location information on hotel stays would bolster this.
- Supply chain information, specifically supplier weights and materials purchases (source of plastic and steel; use of other materials) and identifying alternative components or materials with lower carbon intensities, which will come through a programme of supplier engagement.
- Downstream information on the processing, use, and end-of-life treatment of products.

6.5 Carbon reduction initiatives

Upstream transportation and distribution: Suppliers in Asia Pacific use air freight which contributes significantly to SGE's Scope 3 emissions. SGE are already working with one overseas Supplier to switch from air freight to sea cargo in 2024 which will significantly reduce emissions from upstream transport and distribution going forward. Continuing this engagement is crucial as well as exploring other sustainable alternatives such as sourcing recycled components for products.

Business travel: As more members of staff in the sales and service contract teams are encouraged to either travel to offices, prospective clients, or sites more often, mileage increases are expected to continue. Encouraging a switch to electric vehicles for employees' cars through a salary sacrifice scheme to manage these emissions. Members of staff have already taken up this opportunity, while others use hybrid vehicles. Positive case studies will help this transition. SGE also have plans to upgrade the carpark at head office with more charging points to be added. Similarly, the majority of leased vans are diesel and make up most of the emissions in the upstream leased assets category, so leasing fully electric or hybrid vans when the contract renews is recommended.

Green procurement: A product-specific emissions case study could be used to evidence the carbon intensity of product specifications to customers. Demonstrating the cost of procurement beyond financial costs can be a step towards changing behaviours e.g. sourcing products from Europe or switching brands to a more sustainable option.

Waste management: Understanding product lifecycle and usage and how office waste streams can be better documented and monitored e.g. upgrading IT equipment to more efficient hardware can manage office and home working emissions but creates electronic waste. Managing this waste in positive ways such as working with charities like Turing Trust.

6.6 Carbon mitigation initiatives

Selecting carbon mitigation projects to reduce Scope 3 emissions and keep SGE on track for net zero by 2050. It is preferable to engage with projects closer to SGE head office and/or Asia Pacific. Benefits include local impacts that improve community relations and provide environmental and social gains, as well as the closer observation of these impacts providing reassurance that carbon mitigation is being carried out, and giving credibility to the project(s).

In the SBTi's recent discussion paper on aligning corporate value chains to global climate goals, several options for the use of carbon credits are discussed. Companies may take responsibility for emissions emitted beyond their value chain through mitigation, or beyond value chain mitigation (BVCM), by use of carbon credits or use eligible solutions and technologies to neutralise emissions by carbon removal and storage, amongst other options. Overall the emphasis is on abatement activities, i.e. the reduction of emissions within companies' value chains. This abatement should increase gradually to 90% of emissions by 2050, in line with the SBTi Corporate Net Zero Standard, with the remaining 10% of emissions removed through carbon credits – most likely from neutralisation activities.

As approaches to carbon mitigation evolve and standards change, it is imperative that SGE are aware of current best practices and guidelines set by initiatives like the SBTi and understand how these align with their targets for net zero.

7 CONCLUSION

Over the next 12 months SGE will execute a focused programme across four key areas of Governance, Measurement, Monitoring, and Communications with both internal and external stakeholders. In doing so, SGE can establish roles and responsibilities for the net zero transition, collect required data and narratives for ongoing monitoring and reporting, stay on track to meeting their 2030 targets, and make advancements towards reducing their emissions in line with a 1.5°C future.

Appendix 1 – Carbon Metrics Calendar Year 2023

Table 1 – Splice Group Europe 2023 Carbon Emissions by Scope

Scope	2021 Emissions (tCO ₂ e)	2022 Emissions (tCO ₂ e)	2023 Emissions (tCO ₂ e)	Change vs 2022 (%)
Scope 1	30	22	8	-65
Scope 2	0	0	0	N/A
Scope 3	1,065*	1,095	1,047	-4
Total	1,095*	1,117	1,054	-6

*Scope of well-to-tank (WTT) emissions was significantly less in 2021.

Figure 1 – Splice Group Europe 2023 Carbon Emissions by Scope

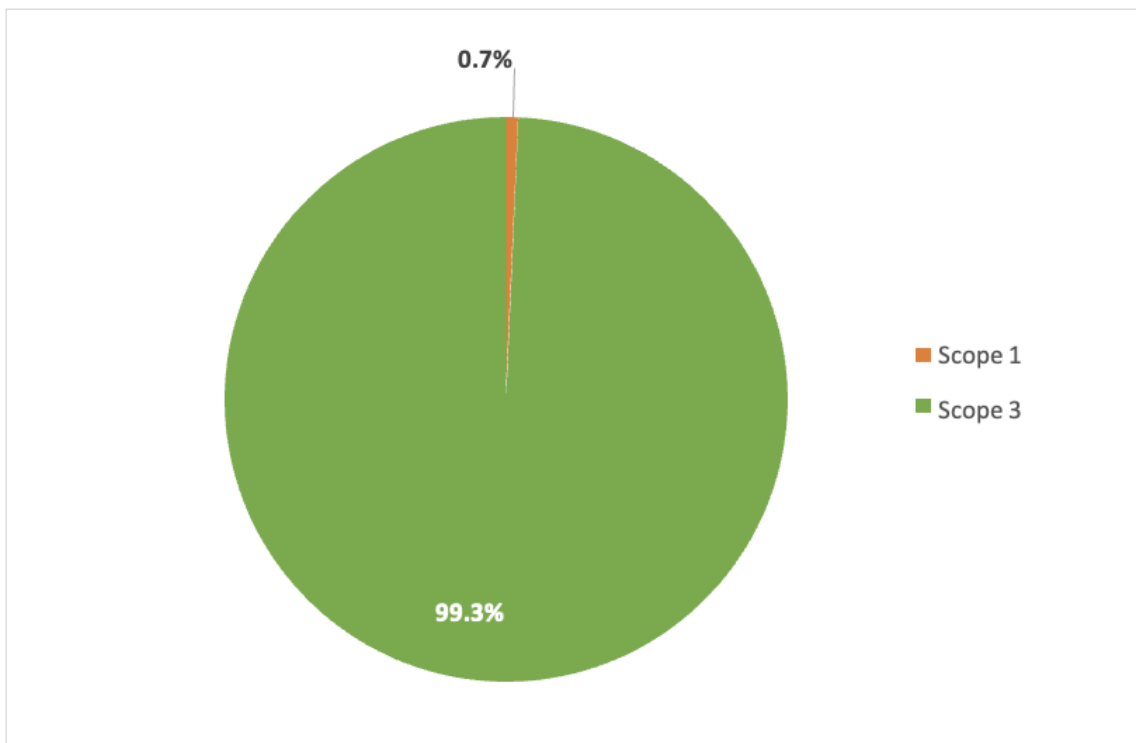


Figure 1. Splice Group Europe 2023 Carbon Emissions (tCO₂e) by Scope. N.B. the company's utilities contract for 100% renewable electricity offset Scope 2 emissions in 2023.

Table 2 – Splice Group Europe 2023 Carbon Emissions by Source

Scope	GHG Protocol Scope 3 Category	Category	Emissions (tCO ₂ e)	Contribution (%)
Scope 3	4	Upstream T&D	362	34
Scope 3	1	Purchased Goods	224	21
Scope 3	N/A	WTT	117	11
Scope 3	6	Business Travel	113	10
Scope 3	8	Upstream Leased Assets - Leased Vans	107	10
Scope 3	7	Employee Commute	89	8
Scope 3	9	Downstream T&D	15	1
Scope 3	6	Hotel Stays	13	1
Scope 1	N/A	Natural Gas	8	1
Scope 3	8	Upstream Leased Assets - Hired Cars	5	0.5
Scope 3	5	Waste	0.16	0.02
Scope 3	5	Water	0.03	0.003
Scope 2	N/A	Electricity	-	-
		Total	1,054	

Figure 2 – Splice Group Europe 2023 Carbon Emissions by Source

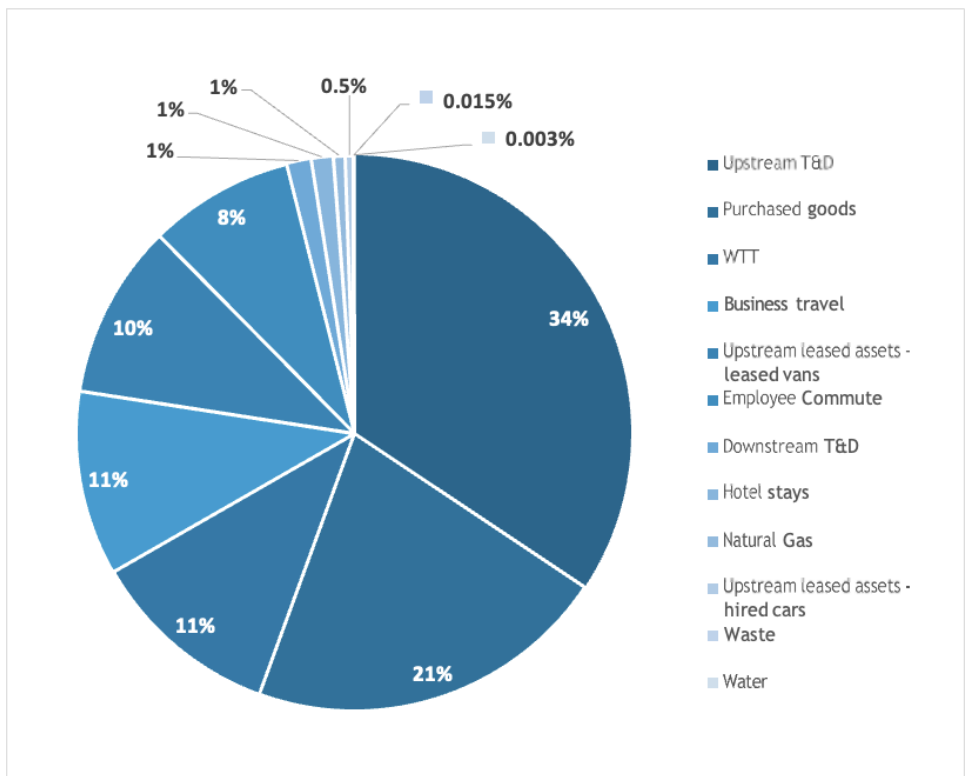


Figure 2. Splice Group Europe 2023 Carbon Emissions (tCO₂e) by Source. N.B. No emissions from Electricity or Company Cars sub-categories.

